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TO RUEHC/SECSTATE WASHDC IMMEDIATE 1413  
INFO RUEHBJ/AMEMBASSY BEIJING PRIORITY 4339  
RUEHLM/AMEMBASSY COLOMBO PRIORITY 4595  
RUEHKA/AMEMBASSY DHAKA PRIORITY 9699  
RUEHIL/AMEMBASSY ISLAMABAD PRIORITY 2582  
RUEHLO/AMEMBASSY LONDON PRIORITY 3991  
RUEHNE/AMEMBASSY NEW DELHI PRIORITY 9717  
RUEHKO/AMEMBASSY TOKYO PRIORITY 0867  
RHEFDIA/DIA WASHDC PRIORITY  
RHHMUNA/CDR USPACOM HONOLULU HI PRIORITY  
RUEKJCS/SECDEF WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RHEHNSC/NSC WASHDC PRIORITY

C O N F I D E N T I A L KATHMANDU 001203

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SUBJECT: INSINCERE MAOISTS ABDUCT AND EXTORT, ANNOUNCE  
NEGOTIATING TEAM

REF: KATHMANDU 928

Classified By: Ambassador James F. Moriarty. Reasons 1.4 (b,d).

Summary

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11. (C) At the same time that the Maoists reportedly formed a team to hold talks with the government, they abducted five Armed Police Force members and intensified extortion nationwide. Seven-party alliance leaders urged the Maoists to end extortion and stop terrorizing civilians. M.K. Nepal, CPN-UML General Secretary, announced that if the Maoists ended extortion the government was ready to feed the Maoist army. On May 10 the Cabinet decided to free two top Maoists leaders, but was still mulling over how to handle other Maoists in custody. The Indian Ambassador feared that the Maoists were not entering into peace negotiations in good faith. End Summary.

Maoists Announce Dialogue Team

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12. (U) During an ongoing meeting of Maoist Central Committee members in an undisclosed location in the west of the country on May 10, the Maoists reportedly formed a three-member negotiation team to hold talks with the government. Heading the team will be Maoist spokesperson Krishna Bahadur Mahara, with Dinanath Sharma and Deb Gurung as the other two members. Both Mahara and Gurung participated on past Maoist negotiating teams in 2001 and 2003. Noticeably absent this time was Maoist number two Baburam Bhattarai who was on the Maoist team in both 2001 and 2003.

But Continue to Abduct...

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13. (C) The Maoists abducted five Armed Police Force (APF) members in western Nawalparasi District on May 9. The plainclothes policemen were deployed with weapons to protect a visiting high ranking APF member who was attending a ceremony at the APF training school in the area. The Maoists claimed that locals had seized the five men due to their "suspicious activities" and handed the policemen over to the

Maoists. The Maoists said they tried to return the policemen to local human rights activists, but the five refused to leave without their weapons and remained in Maoist custody as of May 11. The Maoists claimed the locals took the policemen's weapons, but said the Maoists would search and return the weapons if they found any. M.K. Nepal told the Ambassador on May 11 that the Maoists had also abducted three UML party cadre in the western Arghakachi District.

#### ...Hold Captives

14. (U) The National Human Rights Commission (NHRC) continued to appeal to the Maoists to release captives, including the Chief District Officer of Sarlahi, whom the Maoists abducted April 5 (reftel). The NHRC reported that the Maoists had abducted the chairman of a local forestry users group in Rautahat District on May 8, and the former vice-chairman of a Village Development Committee in Mahottari District on May 7. (Note: Rautahat, Sarlahi and Mahottari are adjoining districts in south central Nepal. End note.)

#### ...Extort

15. (C) Seven-party alliance leaders accused the Maoists of intensifying extortion and urged the Maoists to stop immediately. On the floor of Parliament on May 10, Devendra Raj Kandel, Nepali Congress Member of Parliament, reported the Maoists had sent him a letter recently asking him to "donate" 100,000 NRs (1,428 USD). He also complained that Maoists in Nawalparasi District were threatening political party members who did not "donate" to the Maoists. Kandel stated that this was against the Maoist-Parties 12-point

understanding, adding "on one hand, they say they are going to hold dialogue, and on the other they are exacting donations." (Note: In 2003 the Maoists shot at Kandel and bombed his house in Nawalparasi. End note.) Contacts told Emboff that throughout the country the Maoists continued their "old business" of extorting money from schoolteachers, farmers, and the business community. One contact stated "Maoists extorting money is very common in Kapilvastu, Palpa, Arghkhachi and Gulmi districts of Western Nepal." He explained that Maoists were also telephoning industrialists and businessmen of Bhairahawa and Butwal (Rupandehi District) demanding large amounts of money, a complaint we have heard from numerous businessmen. The NHRC reported that Maoists had approached three private boarding schools in Kathmandu asking for 2,500,000 NRs (35,700 USD) from each school. M.K. Nepal lamented to the Ambassador that the Maoists had developed a "habit of threatening others."

#### ...And Plan for Future Armed Struggle

16. (C) A contact told Emboff that some villagers from the Maoist strong hold area of Kapilvastu District had told him that the Maoists in the area were "not hopeful of a positive outcome of peace talks." Maoists were increasing their military strength by continuing to recruit teenagers and school children into the peoples' army to "ultimately engage in a last fight with the government forces," despite the current cease-fire.

#### Government Will Feed Maoists If Extortion Ends

17. (U) M.K. Nepal, CPN-UML General Secretary, speaking publicly on May 10, explained that "the Maoists have been extorting money on the excuse of feeding their 20,000-man army." MK Nepal said that the government was ready to take responsibility for feeding the army if the Maoists agreed to end extortion and stop terrorizing civilians. He stated that "the Maoists should immediately stop collecting donations." Likewise, Ram Chandra Poudel, Nepali Congress General Secretary, on May 10 asked the Maoists to "stop terrorizing

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and troubling innocent people." He said the Maoists should stop extorting money as the government was "ready to provide the amount required to feed their army."

#### Government Frees Two Top Maoists

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¶8. (U) On May 10, the Cabinet withdrew all criminal cases, including charges of murder and setting explosives, against Maoist leaders Matrika Yadav and Suresh Ale Magar. The two were arrested in India and deported to Nepal in February ¶2004. The government released the two from custody on May ¶11. The Cabinet discussed freeing other Maoist leaders and members but took no further action.

#### Indian Ambassador Worried Maoists Insincere

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¶9. (C) Indian Ambassador Shiv Mukherjee told the Ambassador on May 11 that he was worried that the continuing extortion and abductions by the Maoists indicated that the Maoists were not entering into the peace negotiations in good faith. He noted the importance of the international community's keeping up pressure on the Maoists.

#### Comment

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¶10. (C) On May 11, for the first time in memory, several leading newspapers carried front page stories condemning Maoist abductions and extortions. While the Maoists continue to extort and abduct people regardless of whether a cease-fire is in place, it is interesting to have the allegations juxtaposed with the Maoist announcement of their peace negotiation team. While people hope the Maoists want to join the mainstream, there is mounting concern that the

evidence indicates that the Maoists plan to continue with violence to achieve their goals.

MORIARTY